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9 IN THE UNITED STATES BANKRUPTCY COURT  
10 FOR THE DISTRICT OF OREGON

11 In re:

12 LOCAL 8, INTERNATIONAL  
13 LONGSHOREMEN'S AND  
14 WAREHOUSEMEN'S UNION,  
Debtor.

Chapter 11

No. 23-32366-pcm11

ICTSI OREGON, INC.'S REPLY TO THE  
DEBTOR'S RESPONSE TO CASE  
MANAGEMENT ORDER

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16 Creditor ICTSI Oregon, Inc. ("**ICTSI**") hereby submits its reply ("**Reply**") to *Debtor's*  
17 *Response to Case Management Order* [Dkt. 41] ("**Debtor's Case Management Response**") filed  
18 by the debtor in this case ("**Debtor**" or "**Local 8**").

19 **PRELIMINARY STATEMENT**

20 ICTSI supports proceeding with the case management conference scheduled for  
21 November 16, 2023 at 2:30 PM, as set forth in the *Order Setting Case Management Conference*  
22 *and Notice of Possible Dismissal* [Dkt. 30] ("**Case Management Order**").<sup>1</sup> ICTSI also files this

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24  
25 <sup>1</sup> The Debtor's Case Management Response states that the concurrently-filed *Debtor's*  
26 *Precautionary Motion to Extend Time to Supplement Case Management Documents* [Dkt. 42]  
will be requesting "a further date for a continued case management conference, if necessary"  
though that request was not included in the motion.

1 Reply to clear up a number of potentially misleading statements made in the Debtor's Case  
2 Management Response.

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#### CASE MANAGEMENT ISSUES

5 While Debtor's Case Management Response correctly notes that as to the ICTSI  
6 litigation, "liability ha[s] been determined", in the immediately-preceding sentence it also  
7 misstates that ICTSI seeks "millions of dollars for *alleged* unfair labor practices" (emphasis  
8 added). To be crystal clear on this point, a jury found Local 8 and ILWU liable to ICTSI for a  
9 half-decade of unlawful labor actions,<sup>2</sup> in willful disobedience to an injunction issued in the  
10 United States District Court for the District of Oregon.<sup>3</sup>

11 Debtor's Case Management Response makes much of this case's connections to the  
12 currently pending bankruptcy proceedings<sup>4</sup> of the International Longshore and Warehouse Union  
13 ("ILWU"), its affiliate,<sup>5</sup> asking this Court to consider sitting on its hands while the ILWU  
14 Bankruptcy proceeds to address its issues with ICTSI's damage claims. This stands in contrast to  
15 the request of Debtor's counsel at the First Day Hearing that Local 8 wants to run its own case  
16 and that it would like to keep this case separate from the ILWU Bankruptcy. While Local 8 is  
17 entitled to any applicable protections of the Bankruptcy Code, ICTSI must also be permitted to  
18 exercise its rights under the Bankruptcy Code.

19 Debtor's Case Management Response also muddies the waters regarding responsibility  
20 for the litigation costs associated with the extensive and costly legal proceedings between the

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21 <sup>2</sup> *ICTSI Oregon Inc. v. International Longshore and Warehouse Union and ILWU Local 8*,  
22 Case No. 3:12-cv-01058-SI

23 <sup>3</sup> *Hooks v. International Warehouse Union et al*, Case No. 3-12-cv-1088-SI.

24 <sup>4</sup> *In re Int'l Longshore and Warehouse Union*, Case No. 23-30662-HLB (Bankr. N.D. Cal.)  
25 ("ILWU Bankruptcy").

26 <sup>5</sup> "Affiliate" as used in the current context has the meaning as it is used in labor law rather than  
its defined meaning under the Bankruptcy Code; see also *Debtor's Case Management  
Response*, Ex. B, pp. 2, 10, 18 ("The Local, in Portland, Oregon, is affiliated with the  
International Union in San Francisco").

1 Debtor and ICTSI,<sup>6</sup> stating that “Local 8 cannot afford to pay such counsel, experts, and related  
2 fees for extensive additional litigation to liquidate ICTSI’s claim in the district court” and “Local  
3 8 will be crippled by the defense costs alone.”<sup>7</sup> However, Local 8 fails to disclose that it has  
4 never paid for the costs of its litigation with ICTSI, as reflected in the financial documents  
5 attached to Debtor’s Case Management Response<sup>8</sup> as well as its LM-2 filings with the U.S.  
6 Department of Labor.<sup>9</sup> As directed by the Court for discussion during the Case Management  
7 Conference regarding moving the matter forward, ICTSI asserts that there are a number of areas  
8 for which discovery is appropriate without delay, particularly as to Local 8’s assets and  
9 liabilities, and Local 8’s relationship with ILWU and its divisions, including ILWU’s Coast  
10 Longshore Division (“**CLD**”), the division which has paid Local 8’s fees and costs since the  
11 beginning of its litigation with ICTSI. In particular, discovery into the basis and circumstances  
12 upon which CLD bore Local 8’s fees and costs for more than a decade, why it purportedly  
13 stopped doing so, and what manner of rights or claims Local 8 might have against CLD and  
14 other divisions, persons, or entities, is appropriate. Notably, Local 8’s bankruptcy schedules omit  
15 any rights or claims against CLD, ILWU, or other divisions, persons, or entities in relation to its  
16 proven liability to ICTSI.<sup>10</sup> ICTSI raises this now as it believes discovery will impact the plan  
17 confirmation process.

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21 <sup>6</sup> These proceedings were initiated by Local 8 and ILWU filing claims against ICTSI, but after  
22 those claims were dismissed only ICTSI’s counterclaims proceeded to trial.

23 <sup>7</sup> *Debtor’s Case Management Response*, p. 3.

24 <sup>8</sup> “The Local is a Co-Defendant along with it’s [sic] International ILWU. The Coast Longshore  
25 Division (CLD) has assumed responsibility for the litigation expenses related to this matter.”  
26 *Debtor’s Case Management Response*, Ex. B, pp. 6, 14, 22.

<sup>9</sup> See *ICTSI Oregon, Inc.’s Response and Reservation of Rights re Debtor’s First Day Motions*  
 (“**ICTSI First Day Response**”), p. 5 & n.13.

<sup>10</sup> See *Debtor’s Voluntary Petition for Non-Individuals Filing for Bankruptcy* [Dkt. 1], which  
 included the Debtor’s bankruptcy schedules; see also *ICTSI First Day Response*, p. 5.

1 CONCLUSION

2 Local 8 should not be allowed to use the concurrent ILWU Bankruptcy proceedings as a  
3 tool to delay this bankruptcy case or prevent ICTSI from exercising its rights under the  
4 Bankruptcy Code (and other applicable law) to move forward, including discovery relating to  
5 Local 8's assets and liabilities, its relationships with ILWU, CLD, and affiliated labor unions,  
6 and its potential claims against other persons or entities.

7  
8 Dated this 10th day of November, 2023.

9 SCHWABE, WILLIAMSON & WYATT, P.C.

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11 By: /s/ Daniel R. Kubitz  
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17 Of Attorneys for ICTSI Oregon, Inc.  
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**CERTIFICATE OF SERVICE**

I hereby certify that on the 10th day of November 2023, I caused to be served the foregoing ICTSI OREGON, INC.'S REPLY TO THE DEBTOR'S RESPONSE TO CASE MANAGEMENT ORDER on the following party at the following address:

by:

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U.S. Postal Service, ordinary first class mail  
U.S. Postal Service, certified or registered mail, return receipt requested  
hand delivery  
facsimile  
electronic service (ECF)  
other (specify) \_\_\_\_\_

/s/ Daniel R. Kubitz  
Daniel R. Kubitz